

Message Text

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ACTION EB-08

INFO OCT-01 ARA-06 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 COME-00 DODE-00 FPC-01 H-01 INR-07 INT-05

L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-06

SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /094 W

-----070452Z 090942 /15

R 062203Z APR 77

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 5517

LIMITED OFFICIAL USE GUATEMALA 2160

FOR: CLEMENT MALIN, FEA

E.O. 11652: N/A

TAGS: EGEN, ENRG, GT

SUBJ: PETROLEUM: PACIFIC-ATLANTIC OIL PIPELINE

REF: STATE 064636

1. GOVERNMENT OF GUATEMALA RELATIONSHIP TO CAPICO PIPELINE PROPOSAL DISCUSSED WITH SR. GALLO AND SEVERAL GUATEMALAN GOVERNMENT OFFICIALS.

2. SR. GALLO IS SEEKING TO OBTAIN FROM THE GOVERNMENT OF GUATEMALA AUTHORITY TO A RIGHT-OF-WAY AND TERMINAL AREA USAGES. IN ADDITION, HE IS SEEKING PRIVILEGED TAX TREATMENT FOR THE PIPELINE PROJECT. IT IS NOT CLEAR WHETHER THESE ARE BEING SOUGHT ON AN EXCLUSIVE BASIS. HOWEVER, AT THE MOMENT, SR. GALLO IS NOT SEEKING GOVERNMENTAL FINANCIAL PARTICIPATION OR GUARANTEES OR OTHER CONTRIBUTIONS TO THE PROJECT.

3. NO GUATEMALAN GOVERNMENT ENDORSEMENT HAS YET BEEN GRANTED. THE PROPOSAL HAS NOT BEEN QUOTE ACCEPTED AT THE CABINET LEVEL END QUOTE
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IN THE FORM OF AN ACTION TAKEN BY THE EXECUTIVE BRANCH OF THE GOVERNMENT. SR. GALLO STATED TO EMBASSY OFFICERS THAT THE PROPOSAL HAD BEEN SUBMITTED TO THE ECONOMIC ADVISORY COUNCIL TO THE PRESIDENT. A CHECK WITH ONE MEMBER OF THAT COUNCIL INDICATED THAT THE MATTER HAS NEVER BEEN RAISED FORMALLY IN THAT GROUP. ALTHOUGH IT MAY HAVE BEEN DISCUSSED INFORMALLY WITH INDIVIDUAL

MEMBERS.

4. WHILE THE ABOVE INDICATES THAT SR. GALLO MAY BE CONFUSING VERB TENSES, OR EVEN VERBS, DURING THE HEAT OF HIS PROMOTION, IT MUST BE BORNE IN MIND THAT THERE IS NO PRIMA FACIE BLOCK TO GUATEMALAN GOVERNMENT GRANTING RIGHT-OF-WAY AND TAX CONSIDERATIONS TO SUCH A PROJECT. SUCH ACTION WOULD NOT FINANCE, BUILD, OPERATE, AND MAKE PROFITABLE SUCH A PIPELINE. THEREFORE, THE EMBASSY MUST CONSIDER THAT THE SIGNIFICANCE OF FUTURE GOVERNMENTAL APPROVAL MUST BE GREATLY CONDITIONED BY THESE FACTORS.

5. INFORMAL DISCUSSIONS CONCERNING THE PROBLEMS OF EARTHQUAKES IN THE VICINITY OF THE PROPOSED PIPELINE ROUTE INDICATE THAT THE TWO MAJOR CAUSES OF EARTHQUAKES IN THIS AREA ARE PLATE TECTONICS MOVEMENTS ALONG THE MOTAGUA FAULT AND IN THE VOLCANIC BORDER OF THE PACIFIC BASIN. ENGINEERING METHODS SUFFICIENT TO DEAL WITH PROBABLE DISTURBANCES IN SUCH AREAS ARE CURRENTLY WITHIN THE STATE-OF-THE-ART. SOME ENGINEERING ACCOMMODATIONS MIGHT BE REQUIRED, BUT THESE WOULD BE A MATTER OF COSTS, RATHER THAN NONFEASIBILITY.
BOSTER

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 06-Apr-1977 12:00:00 am
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